

IAG International expenses budget 2016 against projected revenue

Item	Budget 2016	Projected end 2015	Budget 2015	Actual 2014
	€	€	€	€
Revenues	242,750	206,576	219,976	187,320
Extraordinary item	0	0	0	0
Interest income	0	0	1000	45
TOTAL REVENUES	242,750	206,576	220,976	193,365
Expenses				
Committee meeting expenses	30,000	35,000	35,000	22,501
Assembly exps (inc YM)	40,000	55,000	50,000	45,081
Bus dev/ web/ mktg	25,000	18,000	28,000	32,469
Staff exchange	2,000	0	3,000	0
Membership recruitment	15,000	13,000	18,000	13,704
Admin retrn inc bonus	82,000	80,000	82,000	79,258
Admin disbs/ expenses	12,000	14,000	11,000	16,519
Admin staff support	11,000	11,000	10,000	10,885
Sundry Expenses	0	0	1,000	0
Fin admin/ bookkeeping	13,500	13,000	14,000	12,358
Audit	4,500	4,000	4,500	3,255
Legal/ prof expenses	0	0	1,000	0
Bank charges / interest	1,000	1,100	1,000	1,062
Exchange difference	500	0	1,000	(244)
Provision for bad debts	5,000	6,700	5,000	6,700
TOTAL EXPENSES	241,500	250,800	264,500	243,548
(Surplus) / Deficit	(1,250) Surplus	44,224 Deficit	43,524 Deficit	50,183 Deficit

IAG BUDGET NOTES 2016

COMMITTEE STRATEGY AND PRIORITIES

In 2015/ 2016, the Committee proposes to continue the long term strategy of emphasis on fostering connections and relationships between existing and new IAG members, while concurrently making strong efforts to extend the group's coverage worldwide, prioritising region by region. It also proposes to investigate how IAG might be able to add benefit through more active central marketing and/or marketing services to members. It intends to develop a rolling 2-3 year business plan as a tool to document, manage and assess the group's ongoing strategy.

Fostering relationships between members is primarily achieved by facilitating opportunities for face to face meetings at assemblies, so delegate fees for IAG assemblies are significantly subsidised. IAG achieves enviably high attendance levels while also holding more meetings open to all members than most comparable networks (many of which have regionalised structures). Central subsidy to delegate fees is an important contributor to this, both because it encourages overall attendance, and also because it rewards the more active and involved members. The cost of subsidy has in effect been met from excess retained surplus for many years, but, as planned in a succession of precious budgets, that excess has now been used. The Committee believes it is very important to continue encouraging attendance and rewarding activity and involvement by members, so proposes for 2016 the first increase in subscription since 2000.

Extending coverage is being pursued in several ways. The promising start made on Asia Pacific recruitment with the 2013 Sydney Assembly and the 2014 regional meeting in Singapore was consolidated by an exceptionally well attended and successful Assembly in Hong Kong in February 2015, where 4 new Asia Pacific members, covering 11 countries, were ratified, and 4 more entered the joining process. It is hoped that a regional recruitment meeting planned for Shanghai in early 2016 will achieve sufficient further progress that primary focus can shift to a new region, likely to be the Middle East. General reactive recruitment, plus occasional active targeting as opportunities allow, continues in all areas insufficiently covered by IAG, and nominations are always welcome.

IAG's close co-operative relationship with KSI is an important extension and support of both these priorities.

IAG Budget notes 2016

Projected Revenue Calculation 2016, €

End 2015 with 61 members, allow for 5 resignations with effect from end 2015.

Begin 2016 with 56 members, + 2 from February, 2 from June, 2 from October.

56 @ 3,900 = 218,400 (full subscriptions)

6 @ 2,000 = 12,000 (joining fees)

2 @ 3,250 = 6,500 (pro rata subscriptions from end February)

2 @ 1950 = 3,900 (pro rata subscription from end June)

2 @ 975 = 1,950 (pro rata subscription from early October)

242,750 TOTAL PROJECTED 2016 OPERATING REVENUE

Retained surplus and balanced budget:

IAG finished 2014 with an accumulated surplus of €189,421, and the outturn for 2015 is expected to be a deficit of €44,224 against the planned deficit of €43,524, which would leave a retained surplus of €145,197 at the end of 2015. The Committee has felt for some years that the level of retained surplus has been higher than prudence required, so a series of annual budgets have planned deficits to put the excess to good use, primarily for Assembly support and recruitment in uncovered areas. The level of retained surplus and planned deficits has been as follows in recent years:-

End 2010, surplus €292,509, planned deficit for 2011 -€34,551, actual deficit -€3,386
 End 2011, surplus €289,123, planned deficit for 2012 -€34,168, actual deficit -€4,605
 End 2012, surplus €284,518, planned deficit for 2013 -€67,646, actual deficit -€44,914
 End 2013, surplus €239,604, planned deficit for 2014 -€43,524, actual deficit -€50,183
 End 2014, surplus €189,421, planned deficit for 2015 -€43,524, *projected deficit-€44,224*
 End 2015, *surplus €145,197 projected, to be held by balanced 2016 budget*

IAG has to cover advance deposits and accept very substantial commitments or exposures, sometimes for 12 months or more in advance, to secure bookings for Assemblies, particularly for hotel accommodation, but also sometimes for event venues such as restaurants, for cultural and/or sightseeing elements, for transport and agency services etc. It has been noticeable for at least two years that, in general, hotel terms have been hardening as the world economy patchily recovers.

The Committee's view is that €100,000 would be an absolute bare minimum to cover these exposures, and that c.€150,000 would be a more prudent figure to retain including a modest safety margin. The planned and projected results for 2015 would take us just below the top of that range, therefore the budget for 2016 should be a balanced one.

IAG Budget notes 2016

Committee meeting expenses:

Committee time is devoted to all aspects of managing and developing IAG. The Committee holds regular monthly teleconferences and occasional interim sub-meetings for general progressing and specific tasks. They hold full meetings the day before each IAG Assembly, and in some years an additional summer Committee meeting, usually following the election of a new Chairman (though not in 2015). Committee officers and members already often individually oversee specific areas, and this allocation of individual responsibility is expected to be increased in 2016.

Regarding individual expenses, Committee members are entitled to charge economy class air fare for themselves, or premium economy for long-haul, and associated travel costs, plus one* night's hotel accommodation at two-night Assemblies, or two* nights at three-night Assemblies. The same principles are followed for the summer Committee meeting, when held, and for any travel on other IAG business, including the required inspection visits.

*Additional nights allowed when individually justified by distance travelled or by air fare saving.

The 2016 budget figure is decreased slightly from the 2015 budgeted/projected figure to reflect the year's planned venues.

Assembly expenses:

This figure allows subsidies to continue to be offered to delegates, and to a lesser extent their guests, to varying levels across all Assemblies. Delegates who are Associates, rather than Partners, of their firms also occasionally benefit from an additional subsidy, as an incentive for member firms to send them and as an investment in the long term future of IAG. The Committee believes it is very important to continue encouraging attendance and rewarding activity and involvement by members in these ways.

This budget line also acts as a contingency to allow for minor overruns or any unforeseen expenses including hotel penalties for modest shortfalls against contracted numbers. Larger contingencies are in effect uninsurable (see comments on retained surplus and balanced budget above). It is lowered from 2015 since that year's figure included an allowance to support Hong Kong at a particularly high level, in addition to allocations to that event from Membership Recruitment and Business Development.

Business development and marketing:

The figure reflects recent experience. It is intended to cover continuing minor upgrades to IAG's web presence plus technical maintenance, any printed material required, and similar basic central activities. This central element has been reduced since a decision to cease advertising on the Legal 500 website.

IAG Budget notes 2016

Business development and marketing cont./... The BD&M budget line also includes an allowance for financial support to appropriate IAG-relevant activities initiated by members, which can include Specialist Group projects, as in the past. Since inception some years ago, the latter allowance has usually been heavily underspent, although as at September 2015 the Committee has agreed support to a single joint seminar. The Committee would encourage further such applications for support.

Staff exchange support:

This figure is a reduced allowance to support staff exchanges, for the tenth year of this programme. A handful of such exchanges have been supported in past years and the Committee still wishes to encourage them. Proposals have to be submitted to the Committee in advance. A report on the exchange is a qualifying condition. It is envisaged that these subsidies will largely be taken up by younger members, but they are not restricted to them, and if/ when a more senior person wishes to arrange an exchange for similar valid purposes, they can equally qualify.

Membership recruitment:

This anticipates travel and associated costs for promotion, targeting and selection, including specialist consultancy if helpful, in addition to the inspection visits normally required. The figure reflects the Committee's view that completing coverage of new areas and filling key gaps is the most important means available of strengthening IAG.

The 2016 budget has been slightly reduced since the Committee has been granted discretion to waive inspection visits in appropriate individual cases.

Administration Office retainer and staff support:

The Admin Office supports and coordinates all aspects of IAG operations.

The budget for Admin office retainer and staff support is budgeted for 2016 to remain static at the level agreed in 2008, to take effect from 2009. These figures are flat fees agreed in advance in UK£, so any differences between actual and budgeted figures are the result of exchange fluctuations in the 16 months between budgeting and the end of each budgeted period.

Administration disbursements and expenses:

This covers various expenses and disbursements incurred by the Admin Office at the direction of the Committee, including travel expenses, normal telecoms charges, bulk copying/ binding, postage and courier, special stationery and minor printing such as letterheads, badges etc. Office and equipment costs are covered within the main retainer.

IAG Budget Notes 2016

Sundry expenses:

Reduced to zero to reflect recent experience and accounting practice.

Financial administration and bookkeeping:

From 2007 the elements of financial administration normally handled in house, (i.e. invoicing, chasing, bookkeeping, day to day banking preparations, internal reporting, draft budgeting, draft accounts etc.), have been handled in a similar way by IAG, through the admin office, with close additional assistance from a practising CA/ consulting financial controller with bookkeeping support. The fees remain at the level of 2009.

Audit fees:

This figure covers the expenses of holding the audit itself, and expenses for the auditor of attending IAG meetings, in lieu of fees.

Legal and professional charges:

Reduced to zero to reflect recent experience.

Bank charges and interest:

Attractive interest rates remain hard to find. The Committee's first priority is to minimise risk.

Provision for bad debts:

Continues 2015 allowance.